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SUBJECT: APULIA: INNOVATION AT HOME, OUTREACH TO THE BALKANS

SUMMARY: Apulia, at the southern tip of Italy's Adriatic coast, is unquestionably the South's success story, with government and academia demonstrably committed to innovation, and the private and public sectors working together to build bridges to the Balkans and beyond. While organized crime has not disappeared, its power has been seriously eroded. Although Apulia has not regained the economic parity with the North it enjoyed thirty years ago, it is certainly doing better than its neighbors, and has attracted major American investments - in particular, Boeing, which is building the 787 Dreamliner near Taranto, and Advanced Technology Services, which is involved in rebuilding the important container port of Taranto, Italy's second largest.

Perhaps more importantly, Apulia exudes an optimism that is rare in the Italian South, where skepticism and superstition normally hold sway. End Summary.

¶2. Apulia, inhabited since ancient times by waves of seafarers, and allegedly protected from invaders by the bones of St. Nicholas, stolen from what is now Turkey in the eleventh century, is putting itself back on the map after decades of decline. On a recent three-day trip, "innovation" was the word the Consul General heard more than any other, starting with Minister of Innovation Luigi Nicolais, in Bari for a Confindustria networking conference, who confirmed our assessment that Apulia is the most likely candidate for success in the South, possibly the only one. The Region's maverick President, communist Nichy Vendola, told us innovation was his number one priority, starting with the public administration. Vendola realizes that Apulia's most important resource is its people, and has reached out to several hundred prominent Pugliesi who have left the region (many for the United States), and has invited them to form a "Rete Puglia" (Apulia Network) to provide partnership and mentorship for the region's institutions and economy,

INNOVATION

¶3. Although Apulia's well-established universities such as Bari suffer, like many Italian institutions, from internal politics that stifles new research, the comparatively new university in Lecce has become a beacon of innovation. A group of engineering professors who fled the bureaucracy of Neapolitan academia have founded the "Ecotekne" innovation center, responsible for a flurry of recent patents (one 35-year-old Assistant Professor already has six). This dream team's latest achievement is an implant to repair paralysis caused by spinal

cord injuries, which has already been successfully tested in laboratory mice. The group is in the final phases of creating commercial spinoffs, funded by venture capital from State Street Global Investments and the Milan-based firm Quantica. The University of Lecce also boasts Italy's only nanotechnology center, founded by a former researcher at Germany's Max Planck Institut. Although Lecce's dynamic young mayor Paolo Perrone (Forza Italia) bemoaned the decline of the region's once-thriving textile industry, the bright young engineers of Ecotekne have created a fabric for sweatsocks that don't sweat; such innovations may give some of the old industries a new lease on life with a future-oriented focus.

BALKAN OUTREACH

14. For centuries a region of seafarers, many of whom emigrated to countries such as the U.S. over the last century, Apulia is now on the front lines of European immigration, especially from the Balkans. The St. Nicholas connection and long-established sea routes have established a natural link between Bari and Central Europe, and, with 800 kilometers of coastline on the southeast extremity of the Italian boot, Apulia served throughout the 1990s as the point of transit for migrants in search of more lucrative destinations in Northern Italy or Germany. Although the migrant flux has not ended, the port of Bari now serves as an important transfer station for these immigrants as they return as tourists to their homelands during summer vacation periods. When asked whether Muslim immigrants from Albania/Bosnia/Kosovo also visited during the Eid at the end of Ramadan, the Port Director told the CG, "No, they're completely Westernized; now they come for Christmas." While only a few years ago most still arrived in Bari by bus or train, now most come in cars. The Port Authority has reached out through Albanian-language radio and other communication networks

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to provide logistical assistance to prevent traffic jams, and has even constructed new port facilities catering to Albanians. So far this year, the port has handled over 700,000 passengers to and from Albania alone.

15. Regional President Vendola told the CG that, although in earlier years local hospitals had offered free medical treatment to Albanians who could not obtain specialized care at home, the Region has now found it more profitable to improve the medical infrastructure in Albania, and is now assisting the Mother Teresa Hospital in Tirana to attain Western standards. The Region's outreach and economic interests are firmly linked, with Bari's Fiera di Levante, the major Southern Italian Fairgrounds, reinventing itself under its new President, Cosimo Lacirignola, as a gateway to the Balkans, with its annual fall trade fair featuring Albanian, Macedonian, and Montenegrin days, attended by prominent political figures from the respective countries. The region is now looking even beyond the Balkans; Bari Mayor Michele Emiliano told the CG that the city aspires to be "the Geneva of the Mediterranean."

16. The region's welcoming attitude toward visitors and its tolerance of foreigners extends even to the man on the street. When we stepped into the Church of St. Nicholas, Bari's patron saint, for a quick look between appointments, we were soon joined by a local policeman who, with the intellectual breadth of a seasoned architectural historian, gave us a tour, making special mention of the fact that the church offers both Catholic and Orthodox services, noting also that the city had given the Russian Orthodox community its own church, and offering excuses that "unfortunately we still don't have a mosque."

FURTHER CHALLENGES AHEAD

17. Apulia's rising fortunes have come, not surprisingly, with a notable drop in organized crime. A key figure in this development has been Bari Mayor Emiliano, Regional Secretary of the new Democratic Party, who as prosecutor in Brindisi became a prominent member of the pool fighting against the Sacra Corona Unita. Although break-ins and other property crimes remain

unacceptably high, Bari Prefect Varlo Schilardi told the CG that the entire province (over one million inhabitants) had experienced only seven homicides all year. The Treasury Police have also fearlessly combated economic crimes, including intellectual property rights violations, seizing approximately USD 750 million worth of pirated goods in the past year. They have also claimed victory in the battle on cigarette smuggling; seizures of illicit tobacco products, mostly from Greece and the Balkans, have dropped from over 500,000 kilos annually in the last decade to only 3,000 kilos this year. The Treasury Police are now focusing on combating drug smuggling, loan sharking, extortion, and counterfeiting/piracy.

18. Impressive as Apulia's progress is, it is still a work in progress. Bari Mayor Emiliano compared himself to the driver of a Wild West caravan, trying to make sure the cattle don't go off in the wrong direction. Regional President Vendola compared himself to a weaver, literally threading together the fabric of his region. Clearly not everyone is living the Apulian dream. Local Editor-in-Chief of the national daily La Repubblica, Stefano Costantini, told us Pugliesi are increasingly frustrated with their local and national politicians. Emiliano's popularity has waned as he failed to deliver on numerous campaign promises. Corruption scandals have targeted both former Regional President Raffaele Fitto and the former mayor of Brindisi; the latter is alleged to have taken bribes to smooth approval for a 600 million euro regasification plant. Unemployment is rampant (15% in Lecce, for example), as formerly prominent industries such as sofa-manufacturing are increasingly outsourced to China and small- and medium-sized enterprises are driven out of business by international chain stores. Lecce Mayor Perrone lamented that, at the opposite end of the spectrum from the Ecotekne wonder boys are unskilled high school dropouts who expect the government to hand them a job. When we suggested they might be retrained to help fix up some of the still unrestored buildings in Lecce's beautiful Baroque center, the Mayor was skeptical, however, they could accomplish even that. Not all immigrants have been welcomed, either; only a year ago Italian and Polish police freed over 100 Polish tomato-pickers working in what amounted to slave labor camps in the province of

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Foggia.

19. COMMENT: Apulia, particularly its dynamic political class and its brilliant innovators, seems a very propitious venue for the Mission's Partnership for Growth. We will actively pursue outreach programs and conferences to assist the region's bright young researchers to master the entrepreneurship skills that are still in the development phase and to network with U.S. institutions, both public and private (Ecotekne already has an exchange program with MIT, and is about to sign one with Drexel). Clearly this is a region with bright prospects for American business, with a well-established infrastructure, highly-qualified workforce, and good access to markets. Of all the regions in our large district, it is also the most propitious for advancement of U.S. foreign policy goals, particularly in the Balkans, and an excellent opportunity for Muslim outreach. As Regional President Vendola told the CG, "I'm a diplomat, too," but he made it clear, as did the rest of his political colleagues, Confindustria, and other economic entities, that he strongly welcomed close collaboration from career diplomats like us, and we are eager to engage. End Comment.

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